

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-07  
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01  
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R 220854Z JUL 77  
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AMEMBASSY RANGOON  
AMEMBASSY ROME  
AMEMBASSY SINGAPORE  
AMEMBASSY TOKYO  
USLO PEKING  
COMUSTDC  
CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: N/A  
TAGS: ECON, TGEN, CH  
SUBJ: PRC BI-WEEKLY ECONOMIC HIGHLIGHTS NO. 8

1. NATIONAL CONFERENCE CALLS FOR NEW LEAP FORWARD IN THE  
GEOLOGICAL SECTOR  
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THE PRC LEADERSHIP HAS APPARENTLY REACHED THE SOBERING  
CONCLUSION THAT WITHOUT ADDITIONAL EXPLOITATION OF RAW MATERIALS  
CHINA WILL NOT ACHIEVE ITS AMBITIOUS NEW MODERNIZATION GOALS.  
A NATIONAL GEOLOGICAL CONFERENCE ENDED IN PEKING  
ON JULY 13 WITH CALLS FOR A NEW LEAP FORWARD IN GEOLOGICAL  
PROSPECTING, SURVEYING, AND DATA ACCUMULATION. THE  
APPEARANCE OF CHAIRMAN HUA AND VICE CHAIRMAN SEH AT THE

OPENING SESSION REFLECTED THE HIGH PRIORITY ACCORDED TO THE CONFERENCE. SPEAKERS AIRED A NUMBER OF MAJOR PROBLEMS IN CHINA'S GEOLOGICAL SECTOR. VICE PREMIER YU CHIU-LI CALLED FOR A MAJOR NEW SURVEY OF CHINA'S RESOURCES AND STATED THAT MINERAL RESOURCES IN THE FUTURE MUST BE LOCATED IN SUFFICIENT QUANTITIES TO PROVIDE CHINA WITH RESERVES OF FIVE TO TEN YEARS.

A JULY 15 PEOPLE'S DAILY EDITORIAL ON THE CONFERENCE REVEALED CHINA'S GEOLOGISTS MUST CONCENTRATE ON SURVEYING AND PROSPECTING FOR RICH IRON ORE, PHOSPHATE AND POTASSIUM DEPOSITS FOR USE IN FERTILIZERS, AND AND CRUDE OIL AND COAL FOR SOUTH CHINA. THESE THREE RESOURCES ARE ESSENTIAL TO UPGRADING BASIC INDUSTRY, MODERNIZING AGRICULTURE AND PROVIDING FUEL FOR CHINA'S DOMESTIC NEEDS AND EXPORT. CHINA'S ECONOMIC PLANNERS OBVIOUSLY HAVE NOT FORGOTTEN MAO'S DICTUM THAT "DEVELOPING . . . INDUSTRY WITHOUT RAW MATERIALS IS LIKE COOKING WITHOUT RICE".

## 2. CHINA GOES METRIC

CHINA WILL FULLY CONVERT TO THE INTERNATIONAL METRIC SYSTEM. NCNA REPORTED JULY 20 THAT THE STATE COUNCIL HAS ORDERED THE GRADUAL ABANDONMENT OF CHINA'S DOMESTIC "SHIH" SYSTEM FOR MEASUREMENT, A SIMPLIFIED SYSTEM ADOPTED BY THE COMMUNIST GOVERNMENT IN 1959. THE "SHIH" SYSTEM IS A DECIMAL-BASED VERSION OF CHINA'S LIMITED OFFICIAL USE

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TRADITIONAL MARKET MEASUREMENT SYSTEM. THE CONVERSION TO THE METRIC SYSTEM ILLUSTRATES THE SERIOUSNESS WITH WHICH CHINA'S NEW LEADERS INTEND TO ACCELERATE FOREIGN TRADE AND SCIENTIFIC RELATIONS WITH FOREIGN COUNTRIES.

3. IRRIGATION FOR CHINA'S DROUGHT-PRONE CENTRAL PLAINS  
ADDITIONAL WATER FROM THE YANGTZE RIVER IS BEING DIVERTED NORTHWARD TO SUPPLEMENT THE FLOW OF THE HUAI RIVER, THE MAIN SOURCE OF IRRIGATION FOR CHINA'S CENTRAL PLAINS. A JULY 17 NCNA DISPATCH FROM NANKING REPORTED THAT CHINA'S LARGEST IRRIGATION PUMPING STATION, COMPLETED IN JANUARY OF THIS YEAR, IS CHANNELING YANGTZE WATERS TO AN ADDITIONAL MILLION ACRES OF FARMLAND IN DROUGHT-PRONE NORTHERN KIANGSU AND ANHWEI PROVINCES, THEREBY ENSURING A GOOD SUMMER HARVEST IN THE AREA.  
THE NORTHWARD DIVERSION OF YANGTZE WATERS IS PART OF A LARGER PLAN DESIGNED TO ALLEVIATE CHRONIC DROUGHT PROBLEMS THROUGHOUT CHINA'S NORTHERN HIGHLANDS AND CENTRAL PLAINS. ALTHOUGH FULL DETAILS OF THE PROJECT HAVE NOT BEEN REVEALED, A JUNE 2 RED FLAG ARTICLE CALLS FOR "LEADING THE YELLOW RIVER TO SHANSI" AND LINKING THE FOUR PROVINCIAL SYSTEMS TO IRRIGATE SHANSI'S

FIVE LARGE HIGHLAND BASINS. THE PROJECT IS BASIC  
TO CHINA'S LONG RANGE ECONOMIC DEVELOPMENT PLANS,  
WHICH REQUIRE STABLE AGRICULTURAL YIELDS TO PROVIDE  
A SURPLUS FOR INDUSTRIAL DEVELOPMENT.

4. NEW MINISTER OF COAL INDUSTRY  
HSIAO HAN, FORMER VICE MINISTER OF COAL INDUSTRY,  
HAS APPARENTLY BEEN OFFICIALLY APPOINTED MINISTER. AS  
RANKING VICE MINISTER, HSIAO HAN HAS BEEN PERFORMING THE  
DUTIES OF MINISTER SINCE THE DEATH OF HIS PREDECESSOR HSI  
CHIA-CHIANG IN JULY, 1976.  
CROSS

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009